



Human Resources Division
P.O. Box 942718
Sacramento, CA 94229-2718
Telecommunications Device for the Deaf - 711
(916) 795-3065, FAX (916) 795-4001

February 19, 2008

AGENDA ITEM 4

TO: MEMBERS OF THE PERFORMANCE AND COMPENSATION COMMITTEE

I. SUBJECT: Changes in Senior Portfolio Manager and Portfolio Manager Performance Plans

II. PROGRAM: Administration

III. RECOMMENDATION: This is an Information Item

IV. ANALYSIS:

The Chief Executive Officer has been delegated the review of quarterly status reports and approval of changes in performance plans for Senior Portfolio Manager and Portfolio Manager positions. Changes are to be reported through the Performance and Compensation Committee to the Board.

The purpose of this item is to report changes that the Chief Investment Officer and the Chief Executive Officer have approved in the performance plans of two Portfolio Managers. None of the changes delays the completion of performance measures beyond the end of the fiscal year. The changes are summarized in the attachment to this item. In addition, as recommended by the committee, all Senior Portfolio Manager plans have been amended to include Succession Planning in their Leadership performance measures.

In accordance with the program policies and procedures, changes of the quantitative measures have been reviewed for clarity by the investment consultant. The incumbents have been made aware of the changes.

V. STRATEGIC PLAN:

Under Goal V of the Strategic Plan, CalPERS is committed to sustaining a high performance work culture. This can be accomplished at the highest executive levels through the establishment of methods that provide broad flexibility in the recruitment, retention and compensation of key personnel.

VI. RESULTS/COSTS:

The establishment of incentive plan performance measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization. The cost of performance awards that might arise from the recommendations in this item will be funded from existing resources.

Chris O'Brien, Chief
Human Resources Division

Gloria Moore Andrews
Deputy Executive Officer - Operations

Attachment

**Summary of Approved Changes in the Performance Plans
of Portfolio Managers**

Second Quarter, 2007-2008 Fiscal Year

| Position | Change and Reason |
|--|---|
| Portfolio Manager, Corporate Governance | Correction in incentive schedule of <i>Principles of Accountable Corporate Governance</i> performance measure. |
| Portfolio Manager, External Equity | Adjustment made in the weight of the <i>International External Equity</i> performance measure to accommodate the addition of the <i>Emerging Markets External Equity</i> performance measure. |